SHR1 PRAFULL GORADIA: Thank you, Sir. for a good elucidation in reply to the question. But, 1 have just two small supplementarics. First, will the opening up to service technology into India, that is, foreign technology, help Indians also to participate in financial services taking place oversees? In other words, if import is allowed, will export also be helped?

SHRI RAMAKRISHNA HEGDE: Sir, there is no specific agreement about that. This should be taken up in the next round of negotiations.

SHRI PRAFULL GORADIA: My second question is, will this opening up, in any way, directly or indirectly, help in inward flow of foreign exchange? Basically, opening up means outflow. Will it also result in any inflow?

SHRI RAMAKRISHNA HEGDE: Sir, it does not necessarily result in outflow. It is both ways. When financial services are provided, that at least is inflow. Therefore, the hon. Member need not worry about the net output.

Appointment of Advisory Councils

*307. MISS SAROJ KHAPARDE: Will the Minister of COMMERCE be pleased to state:

(a) whether the Prime Minister has appointed two advisory councils, one on Trade and Industry and another on the economy;

(b) if so, the basic objectives behind setting up of these councils;

(c) whether these councils have submitted any report on the state of economy, trade and industry; and

(d) if so, the details thereof?

THE MINISTER OF COMMERCE (SHRI RAMAKRISHNA HEGDE): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) Aims and Objective

- To enhance the productivity and competitiveness of Indian corporates for facing the increasing challenges of globalisation;
- To develop a comprehensive strategy to deal with the debilitating impact of a global meltdown and demonstrate that India can be an attractive economic prospect for domestic as well as foreign investors;
- To devise policies which would maintain a GDP growth of 7% p.a. over the next three years, and 8% p.a. thereafter;
- To achieve an industrial growth of 10% p.a. in the next three years and 12-13% thereafter;
- To enable exports to grow at 15—20% p.a. in dollar terms;
- To create a solid foundation for fostering knowledge and R&D based industries;
- To achieve high growth of employment while maintaining the inflation within single digits;
- To ensure that the benefits of deveiopment percolate to the grass roots and the broad goals of poverty alleviation coupled with provision of basic minimum service in accordance with the National Agenda for Governance are realised in a time-bound manner;
- To recognize that, like services, agriculture will be an engine for growth and therefore, to suggest realistic and implementable policies that significantly enhance investments in agriculture to

achieve a 6—8% growth in the agricultural sector.

(c) The Six Subject Groups under the PM's Council on Trade and Industry have submitted their recommendations for the respective sectors. The Reports of the subject Groups have been put on the Internet at a separate "Web Site" [http/ www.nic.iivfcm councilyreports]. The recommendations will be referred to a three member empowered committee comprising the Deputy Chairman of the Planning Commission, the Finance Minister and the Industry Minister. The Committee would work out an implementable action plan for giving a specific thrust to each identified sector. Apex Industry Associations would be Holding seminars and discussions across the country on the Reports for obtaining a broad consensus.

(d) The details are as follows:

The subject Group on food and agro-industries management policy, has recommended the setting up of an autonomous Food Development Bank of India for assisting agricultural growth through a farmer-friendly credit system. Lending to small farmers who own less than two hectares at concessioinal rates without granting any waivers, and speedy processing of loan applications with timely grant of credits, is the major thrust. To uphold the basic principles of banking, it has disfavoured grant of "farm loan waivers". While recommending the repeal of the Land Ceiling Act, the subject group has sought the setting up of an Agricultural Insurance Corporation, a National Centre for Crop Forecasting, a task force for implementing pending irrigation projects and fixing of realistic floor prices for commodities on a larger scale, through restrcted procurement of cereals to the extent of Public Distribution System requirements, it has also suggested the building up of the cold chain industry to preserve perishables like fruits, vegetables, etc., by grant of suitable incentives, like guaranteed power supply.

The Group has recommended extension of term loans to horticulture and floriculture EOUs at 9% for grading, packing and cold chain processing, with a 3 year moratorium on loan repayment. * While supporting reduction in the import duties on cold chain equipment, reduction in excise duties for freezer equipment, and grant of 100% depreciation on equipment with a 8 year tax holiday. Increase in the quantum of freight subsidy has also been recommended. The estibalishment of three specialized "food parks" with adherence to international standards of hygiene for processing of fruits and vegetables, has been recommended. A Food Regulatory Authority for setting standards both for the domestic and the export markets has been recommended. There is also a suggestion for the revamping of the Prevention of Food Adulteration Act to conform to international standards. The inclusion of bodies like the APEDA, MPEDA, Cashew Production Development Council and the National Horticultural Devleopment Board under the Ministry of Food Processing has been suggested. The conversion of the ICAR into an autonomous organization along with the setting up of a single Ministry of Agriculture, Fisheries and Food is another important recommendation. Permitting the Food Corporation of India to sub-contract its warehousing operations to private industries, to bring down wastage and operational costs, has been suggested for purposes of efficient , storage of agricultural produce. An additional 20 million hectares to be brought under irrigation in the next five years.

The task force on infrastructure has called for a new framework in the telecom sector for evolving an integrated communications policy covering all services, like telephony, Internet and Cable TV; modificaition of the licence regime to ensure levey playing field, corporation

and privatization of the Department of Telecommunications by splitting the operations into four zones and one company to look after long distance operations. it has also recommended an enhanced role for the Telecommunication Regulatory Authority of India.

For the power sector, a shift of focus, away from the generation to distribution has been recommended. Some among these relate to setting up of State Electricity Regulatory Commissioins, restructuring and corporation of State Electricity Boards by developing model legislation, reduction in transmission and distribution losses, simpler clearance for projects and the setting up of a national power transmission network. Other recommendations include, restructuring of the Delhi Vidyut Board, and setting up of a Power Trading Corporation in each state. Privatizing of generation and distribution of power, introduction of competition by enabling large users to buy power directly from generating companies and setting up of power trading corporations in States.

For the roads sector, the appointment of the National Highway Authority of India as the sole body for prioritizing and awarding speicfic projects through a bidding process has been recommended. Making available resources on 15 to 20 year terms, provision of fiscal incentive and select guarantees to developers are some of the other recommendations. Specifically, four-laning/six-laning of the Golden Quadrilateral (Delhi-Calcutta-Chennai-Mumbai) along with the evolution of clear policy making and regulatory structure has been emphasized.

For the ports sector, the recommendations include corporatisation of major ports over the next three years with increased operational autonomy. The tariff regulatory authority for major ports would be the sole regulatory agency for all major ports and States would continue to regulate minor ports. It has been suggested that Port management should be made more professional by inducting suitable personnel and mandatory labour reforms need to be carried out in all the ports.

The development of water policy guidelines, stress on improving distribution than on expanding water supply and the privatization of the Bangalore Water Supply and Sewerage Board have also been emphasized along with support for private sector participation.

The task force on capital markets and financial sector has called for reduction in the extent of government ownership of banks, financial institutions and insurance companies and introduction of competition from private parties in all areas. It has recommended the sale of real assets and disinvestment of Public Sector Units shares in the open market.

For easier supply of funds, it *has* recommended that debt and equity markets should be rapidly developed while encouraging private equity flow into infrastructure projects. It has also called for the abolition of the Bureau of Industrial Finance and Reconstruction. The Establishment of designated of designated specialist financial institutions to undertake developmental role with systems for Government support have been stressed.

The setting up of an overall cap on the amount of Government borrowings and the establishment of a distribution and trading mechanism for raising Government debt from the retail investor in small denominations have been suggested. Reforming of the institutional framework to enable long term funds i.e., provident fund, insurance funds etc., to finance infrastructure projects has been recommended while encouragement of private equity flow into the infrastructure sector by implementing tariff reforms and strengthening the regulatory framework has also been emphasized. The creation of a strong mutual fund industry to channelize retail savings has also been stressed.

The sale of non-performing assets to an asset reconstruction company for dealing with inefficiencies in the Financial System has been suggested. The amendment of

Securities Contract Regulation Act to allow for derivatives trading and removal of restrictions on lending against shares by banks have been emphasized along with encouraging establishment of privately run pension/provident fund schemes. Specific measures to establish a healthy debt marked including encouragement to infrastructure spending and farm reforms to enhance agriculture incomes have been suggested. Entry of organized sector into areas reserved for the small scale sector and encouragement to mergers and acquisitions to enable winding up of sick units thereby strengthening Indian industry are other important measures that have been suggested.

The sub-group on knowledge based industries has recommended the following measures:

The creation of a think tank for furthering India's interests in knowledge-based industries is the major recommendation. On the foreign exchange regulations area, the modification of the Exchange Earners Foreign Currency Account scheme and its operation, changes in *the* Foreign Exchange Dealers Association of India Rules, allowing of re-import and re-export of defective components based on the Software Technology Park approval have been stressed. Amendment of the Companies Act for permitting issue of employee Stock Options and the Establishment of tax efficient vehicle for setting up of venture capital funds, by providing suitable tax incentives has been emphasized. The pooling of government and private resources to exploit economies of scale and enable research and development in the knowledge based industries las been strongly recommended. Additionally, resolution of certain regulatory problems under customs and Excise have also been sought. A major investment in the range of Rs. 500—Rs. 1000 crores in the justice system by extensive use of information technology has been stressed.

The subject group of service industries has made the following recommendations:

Updating of the 1992 National Plan on tourism sector and the preparation of a time-bound action plan for the tourism, sector. The according of "industry" status to the hotal and tourism sector by respective State Governments in the next three months is yet another important suggestion. Similarly, a reduction in the quantum of luxury tax or its total abolition has been recommended. Allotment of government land at concessional cost for establishing hotel and tourism facilities is another important recommendation. The transfer of the Department of Culture to the Ministry of Civil Aviation and Tourism has been recommended. A fresh look at the coastal Regulation Zone Notification of 1991 has been recommended as the same has affected establishment of tourism facilities in important areas.

Recommendations of the Task force on Administrative and Legal Simplifications:

The formation of a new investment promotion board different from the prevalent FIPB has been recommended. A number of changes in the prevalent Companies Act has been recommended to enable restructuring, reorganization and amalgamation of firms, including exemption from Stamp duty for such proposals. A rationalization of the prevalent stamp duty regime has also been sought. The creation of a separate tribunal to be called the Commercial Insolvency Tribunal to replace the BIFR to help revival of sick companies and in the winding up of unviable companies has been supported. The de-hiring of labour as per requirement of a firm, on the basis of payment of certain compensation; to be determined in consultation with the Labour Commissioner, or any other authorized nominee has been recommended. The need to permit companies which wish to reorganize and restructure to approach the Government under Sec. 396 of the Companies Act has been suggested along with a simplification in the provisions of Sec. 394 of the Companies Act. A recommendation has been made for the constitution of a high powered committee to

examine the introduction of the Value Added Tax system for domestic industry for broad-banding of the duty structure within three bands, thereby enabling uniformity and ease in implementation. A suggestion has been made for the administration of Customs Duty, Safeguard Duty and Anti-Dumping Duty regimes in the Department of Revenue, Ministry of Finance. Simultaneously, the need for the Commerce Ministry to explore the setting up of a separate department to deal with WTO matters, with an aim to secure the interests of Indian industry has been emphasized.

On the labour front, all the task forces have called for flexible labour policies for expediting closure of unprofitable ventures, laying off of workers etc.

MISS SAROJ KHAPARDE: Sir, I have gone through the statement, circulated by the hon. Minister, in reply to question No. 307. May I know from the hon. Minister how the Government proposes to implement the suggestions of these advisory councils? Does the Government propose to take Members of Parliament also into confidence before implementing the suggestions of these councils? If so, how are you going to implement this?

SHRI RAMAKRISHNA HEGDE: Sir, this is very simple. We are going to implement them by taking action on the recommendations made by these councils. So far as consulting and taking the Members of Parliament into confidence is concerned, Members of Parliament are always welcome.

MISS SAROJ KHAPARDE: Sir, I did not get an answer to the first part of my question.

SHRI RAMAKRISHNA HEGDE: Sir, if I understood correctly, the first part of the question was: How are these recommendations going to be implemented?

MISS SAROJ KHAPARDE: How are you going to implement then?

SHRI RAMAKRISHNA HEGDE: By taking action.

MISS SAROJ KHAPARDE: What are the actions you are going to take?

SHRI RAMAKRISHNA HEGDJE: Necessary action.

SHRI S. VIDUTHALAI VIRUMBI: Mr. Chairman, Sir, these councils have given some recommendations to the hon. Prime Minister. If the recommendations made by the councils contradict the observations made by the Planning Commission, will the hon. Minister go according to the suggestions of the Planning Commission, or, according to the suggestions of these councils?

SHRI RAMAKRISHNA HEGDE: Sir, I can assure the hon. Member that there will no contradiction at all.

SHRI JOHN F. FERNANDES: Sir, it is a good decision that the Government has appointed these councils. But, I do not know under which statute the Government has appointed these councils. There is an uncertainty among the members of these councils. They say, "whatever report they prepare, may not be acceptable to the new Government, in case the Lok Sabha is dissolved. So, I wan) to know from the Government whether there will be a continuity for these councils. Will they be legalised by a statutory sanction? Or, will these be like other Parliamentary Committees, and their report will be null and void, in case the Lok Sabha is dissolved?

SHRI RAMAKRISHNA HEGDE: Sir, these arc *ad hoc* committees, specifically appointed for a specific purpose. And after the work is over, the Committee's life is over. The only thing that remains, as Miss Khaparde asked, is how to implement it. I said, it can be done by taking action.

Handing over Birsa Maidan

*308. MISS FRIDA TOPNO: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether Government are aware of the fact that the Steel Board in 1991 had